

STATEMENT OF PURPOSE

RS23765

HB630 (2010) amended section 63-3029A, Idaho code temporarily increasing the existing income tax credit for donations to certain organization, including the state educational agencies and institutions under the oversight of the State Board of Education, the Idaho State Historical Society and Idaho libraries and museums. Those increases sunset January 1, 2016. The proposed amendment will remove the sunset. The current language allows for the tax credit to equal 50% of the aggregate amount of charitable contributions, up to 50% of the aggregate amount of charitable contributions, up to 50% of an individual taxpayer's total Idaho income tax liability and a maximum annual amount of \$500 (\$1,000 on a jointly-filed return). Should the 2010 changes sunset the credit would remain equal to 50% of the contribution, but would be limited to 20% of the taxpayer's total Idaho income tax liability and the maximum annual amount of the credit would decrease to \$100 (\$200 on a jointly-filed return). For a corporate taxpayer the amount is limited to 10% of the corporation's total Idaho income tax liability and the maximum annual credit would be reduced to \$1,000, rather than the current \$5,000 limit. Should the increases sunset FY 2017 would be the first year tax receipts were impacted as taxpayers file their calendar year 2016 taxes.

The proposed legislation clarifies the relationship between independent foundations and the elementary and secondary education institutions they financially support through contributions eligible for the tax credit.

An additional change would amend subsection (2)(c) correcting the reference to "accreditation by the state board of education" as the Board does not accredit institutions.

FISCAL NOTE

The original fiscal impact to the legislation estimated a \$10 million annual increase to the recipient organization and a corresponding reduction of income tax receipts to the General Fund by approximately \$5 million. The actual decrease in income tax receipts since FY 2012 was approximately \$2.8 million. This impact is ongoing and is expected to grow over time as the economy improves.

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